

State Treasurer of Iowa

Michael L. Fitzgerald

State Treasurer of Iowa
Michael L. Fitzgerald

Unclaimed Property

Presented By:

Karen Austin
Deputy Treasurer
Iowa State Treasurer's Office

State Treasurer of Iowa
Michael L. Fitzgerald

What is Unclaimed Property?

Unclaimed property is a financial asset that has been abandoned by its owner for an extended period of time. Common examples include:

- Dormant Bank Accounts
- Lost or Forgotten Uncashed Checks
- Stock Certificates and Dividends
- Insurance Policies
- Utility Refunds
- Gift Certificates/Cards
- Safe Deposit Box Contents

Any outstanding obligation owed is reportable.

State Treasurer of Iowa
Michael L. Fitzgerald

Where are UP Offices?

35 states(includes D.C.)	State Treasurer
6 states	Department of Revenue
4 states	Comptroller
2 states	State Lands Board
2 states	Department of Commerce
2 states	Attorney General
1 state	State Auditor
Department of Financial Institutions (Puerto Rico)	

State Treasurer of Iowa
Michael L. Fitzgerald

Why Should You Know or Care About UP?

- Unclaimed Property is about consumer protection.
- States are custodians of the property.
- States stand in the shoes of the owner.
- Money belongs to the people.
- Millions of individuals have come forward to claim their funds. In Iowa alone we have returned over \$167 million.

State Treasurer of Iowa
Michael L. Fitzgerald

Unclaimed Property History

In 1954, nationally uniform state laws went into effect creating custodial unclaimed property law. This model act was updated in 1966, 1981 and 1995.

Iowa adopted the Unclaimed Property law in 1967.

The Great Iowa Treasure Hunt was created in 1983 to locate the rightful owners of unclaimed property. Since then we have reunited over 407,000 individuals with their lost assets.



State Treasurer of Iowa
Michael L. Fitzgerald

Great Iowa Treasure Hunt

Goal of the Great Iowa Treasure Hunt is to return the assets to the rightful owners.

The program is not a revenue source for the state.

If we have a name and address our return rate is 65%.



State Treasurer of Iowa
Michael L. Fitzgerald

Texas vs. New Jersey (1965)

Unclaimed property reportable to last known address.

Only exception –safe deposit boxes are reported to state in which box/bank is located.

If no address, reportable to holder's state of incorporation.

Texas vs. New Jersey must be followed.



State Treasurer of Iowa
Michael L. Fitzgerald

Holder Responsibilities

- Report and Remit
- Monitor law changes
- Perform due diligence
- Monitor stale dated checks
- Balance the general ledger liability to an unclaimed property database
- Iowa -retain documentation at least 4 reporting years
- Coordinate external audits
- Develop an unclaimed property program/procedure



State Treasurer of Iowa
Michael L. Fitzgerald

Why Create an Unclaimed Property Program?

- To help ensure compliance.
- To maintain good customer relationships.
- To improve internal controls.
- To establish uniform procedures.
- To foster an awareness of unclaimed property rules.



State Treasurer of Iowa
Michael L. Fitzgerald

Creating an Unclaimed Property Program

- Include all necessary departments to create a policy.
- Bring key players together.
- Establish who is responsible for unclaimed property compliance.
- Define roles of employees.
- Provide checks and balances.
- Communicate the policy with all agents involved.
 - Protects the property and the company.
 - Abandoned property often at risk of becoming embezzled or the victim of fraud.
 - Report regardless of property amount.
 - Shortcuts put company at risk.
- Review the company history of reporting.



State Treasurer of Iowa
Michael L. Fitzgerald

Due Diligence

- The process of finding owners of property that has remained dormant on a holder's books and records
 - Good practice even if not required
 - Communication may be reestablished
 - May prevent past & future abandoned property
- Mail a letter by first class mail to the last known address of the owner of the property having a value of \$50.00 or more.
- Not more than 120 days and at the very least not less than 30 days prior to the report date.

State Treasurer of Iowa
Michael L. Fitzgerald

Components of a Due Diligence Letter

A Written Notice Should Contain:

- What will happen if no action is taken
- State is only the custodian
- Deadline for contact
- Contact information for holder

Allow appropriate time for owner to respond

State Treasurer of Iowa
Michael L. Fitzgerald

Due Diligence Questions

- If you receive due diligence as undeliverable with no forwarding address:
 - Considered as having preformed due diligence
 - Take note of the returned mail and submit the last known address to the Treasurer's Office.
- If you know that the owner of the property is deceased you will still mail out due diligence unless you are certain that the mail is not being forwarded.
- The key is trying to find the rightful owner.

State Treasurer of Iowa
Michael L. Fitzgerald

Due diligence and the 35% Law

- According to Iowa Code (556.11.5):
*The treasurer of state may charge a holder that fails to timely exercise due diligence, as required in this subsection, **five dollars** for each name and address account reported if **thirty-five percent** or more of the accounts are claimed within the twenty-four months immediately following the filing of the holder report*
- The Treasurer's Office would prefer due diligence be performed and the property not come to us rather than to impose this fee.

State Treasurer of Iowa
Michael L. Fitzgerald

How to Report

- Electronically
 - Easier, Faster, & More ACCURATE
 - Strongly recommended in Iowa
 - Report as much information as you can
 - Include SSN and date of birth
- Our GOAL is to **return the property to the rightful owner.**
- Our office needs to match the owner's information with the information provided by your business.

State Treasurer of Iowa
Michael L. Fitzgerald

How to Report- Software Overview

- Input information about you, the holder, and all information on the property and property owner.
- The software will create a **coversheet** and **file**, which you will send, along with a **check** to the treasurer's office. These three components will make up your unclaimed property report.
- UP Exchange does provide you the options to use their program free and manually send us the report OR to use their program and pay a small fee for them to transmit the report and/or funds directly to our office.
- Free software options (UP Exchange and HRS Pro) are available here:
http://www.treasurer.state.ia.us/for_businesses/unclaimed_property_compliance/electronic_reporting/

State Treasurer of Iowa
Michael L. Fitzgerald

Is an Audit Needed to Get Into Compliance?

Voluntary Disclosure Agreement (VDA) Program

Amnesty Program until November 1, 2013

State Treasurer of Iowa
Michael L. Fitzgerald

Voluntary Disclosure Agreement (VDA) Program

- Businesses and other organizations with incomplete records.
- Complex unclaimed property liabilities.
- Special issues complicating the calculation of the amount of unclaimed property owed.
- Liabilities where there is a legitimate legal dispute as to the applicability of the unclaimed property law.

In order to be eligible for the VDA, a "VDA Application and Contract" must be completed and returned to the treasurer of state prior to reporting.

State Treasurer of Iowa
Michael L. Fitzgerald

Voluntary Disclosure Agreement (VDA) Program

Benefits of the VDA program:

- Opportunity to resolve complex reporting issues.
- Achieve compliance with Iowa Code Chapter 556.
- A holder making a voluntary disclosure is not assessed interest or penalties for failing to timely report unclaimed property.
- Citizens of the state receive unclaimed property that would otherwise go unreported.

State Treasurer of Iowa
Michael L. Fitzgerald

Voluntary Disclosure Agreement (VDA) Program

Holder must submit to the treasurer a plan describing the self-review process to be undertaken. At minimum it must include:

- The years covered by the review
- The property types included
- Procedural approaches
- Any record keeping deficiencies.
- Estimation methodology if used must be submitted to the treasurer for approval, prior to the Treasurer accepting the delivery of the resulting property.

The holder must accurately identify and report, within six (6) months of submitting the VDA, all unclaimed property subject to Iowa Code Chapter 556.

The holder must also agree to file future reports of all property as it becomes subject to the Uniform Disposition of Unclaimed Property Act.

State Treasurer of Iowa
Michael L. Fitzgerald

Amnesty Program until November 1, 2013

- Effective July 1, 2012 through November 1, 2013
- Any business or other entity not already in compliance with Iowa Code Chapter 556 will not be assessed late reporting interest and penalties on past-due property that is reported and remitted this year.
- In order to be eligible for amnesty from interest and penalties, a petition for late reporting amnesty must be completed and returned to the Treasurer of State prior to reporting.

State Treasurer of Iowa
Michael L. Fitzgerald

Where and When to Remit

Reports due November 1

Reports may be submitted online or sent to:

**Treasurer of State
Unclaimed Property
PO Box 10430
(Physical address) MACN8200-071 800 Walnut St
Des Moines, IA 50309**

To request an extension, fax (515)281-6962 a written request on company letterhead before the due date.

State Treasurer of Iowa
Michael L. Fitzgerald

Reporting and Remitting Safe Deposit Box Contents

- Any funds or other personal property, tangible or intangible, removed from a safe deposit box.
- Rental period has expired due to nonpayment of rental charges.
- **Three years** from the date on which the lease or rental period expired.

State Treasurer of Iowa
Michael L. Fitzgerald

Inventorying SDB Contents

- Once the box is considered abandoned, you may drill and inventory the contents.
- Money cannot be taken from the abandoned box to recoup drilling costs or bank fees.
- All contents must be reported and remitted to the treasurer's office – even if they are not considered to be of monetary value.

State Treasurer of Iowa
Michael L. Fitzgerald

Inventorying continued

- All contents are advised to be reported in electronic form so that they can be uploaded into the treasurer's system.
- A detailed inventory is necessary so that both the holder and TOS can be in balance.
 - Like contents are not required to be individually categorized and can be grouped (16 silver colored forks, 12 gold colored bracelets, 5 1918 dimes).
 - Cash/Coin need to be separated out (12 wheat pennies, 5 buffalo nickels, 20 Mexican pesos, 40 nickels, 10-\$1.00 bills, 1 coin wrapper containing 50 US pennies 1918-1964)
 - Items of value never assume to know the value of an item. Just describe the item so that we may check it off in the inventory (6 gold colored necklaces, 1 gold colored pocket watch, 1 gold colored ring with 5 clear stones, 1 pair screw back earrings with clear red stones).
 - Miscellaneous paperwork of no value can be lumped together (examples are receipts, letters, tax documents, car titles, empty envelopes etc).
 - Paperwork that should be listed out include: wills, insurance policies, birth certificates, and abstracts.
 - Securities should be described: American Company Certificate #ABC 600 shares registered to John Doe. The same goes for savings bonds: \$50 US Series E Savings Bond #Q6349724P for John Doe.

State Treasurer of Iowa
Michael L. Fitzgerald

Inventorying continued

- The electronic report and signed coversheet are to be **reported** to the treasurer's office by November 1st
- Contents are to be **remitted** the following spring (a specific week as requested by the TOS) by hand delivery, courier, or sent certified mail.
- Take precaution when handling and shipping items, as they have been safeguarded for numerous years and need to remain in their condition.
- Be certain to separate the boxes from one another when preparing to send them into our office. Make a clear distinction between box owners (including a copy of the inventory helps).

State Treasurer of Iowa
Michael L. Fitzgerald

Dangerous or Hazardous Contents

DO NOT remit hazardous items or firearms directly to the treasurer's office. If a drilled box contains either of these items, please contact the treasurer's office for further instruction.

State Treasurer of Iowa
Michael L. Fitzgerald

State Responsibilities


- Release the holder from liability.
- Make efforts to locate owners:
 - Due Diligence Mailings
 - Publication
 - Website
 - Fairs
 - Outreach
 - Press releases
- Determine the rightful owners and pay claims.
- Act as the custodian of the property.

State Treasurer of Iowa
Michael L. Fitzgerald

Working Together

States work together with holders to make sure the asset gets back to the owner.

Visit the NAUPA website (naupa.org) for other state specific information and websites.



State Treasurer of Iowa
Michael L. Fitzgerald

Thank You

- If you have any questions, please use the “Question” feature and we will address what we can at this time.
- If we don’t get to your question, we will email you with an answer.
- Please feel free to contact our office at anytime: upreport@iowa.gov or (515)281-7546.